



CITY OF PHILADELPHIA

DEPARTMENT OF REVENUE
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FRANK BRESLIN, CPA
Revenue Commissioner
Chief Collections Officer

September 30, 2020

The Honorable James Kenney
Mayor, City of Philadelphia
City Hall, Room 215
Philadelphia, PA 19107

Dear Mayor Kenney:

I am pleased to transmit herewith the 2019 Owner-Occupied Payment Agreements (OOPA) Annual Report, as required by Section 19-1305(7)(b) of the Philadelphia Code. As required, I am also sending copies of the report to the President and Chief Clerk of Council.

During 2019, the Department of Revenue increased homeowner enrollment in Real Estate Tax payment agreements by expanding outreach and increasing multi-lingual communication to customers in limited English-speaking neighborhoods. This improved the customer application experience while boosting participation in other tax credit and assistance programs. I will be pleased to provide any additional information that you or members of City Council may request regarding the status of this program.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Frank Breslin".

Revenue Commissioner Frank Breslin, CPA
Chief Collections Officer

FB/sr

Enclosure

cc: Darrell L. Clarke, City Council President
Michael A. Decker, Chief Clerk of the City Council
Rob Dubow, Finance Director



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2019 Annual Report Owner-Occupied Payment Agreement (OOPA)

Executive Summary

The Owner-Occupied Payment Agreement underwent a few changes in 2019 to offer more relief and support to homeowners struggling with Real Estate Taxes on their primary residence. These changes included automating the enrollment of OOPA participants into the Homestead Exemption for the current year. By the end of 2019, there were 10,876 homeowners enrolled in OOPA with \$93,246,218 under agreement.

About the Owner-Occupied Payment Agreement

The Owner-Occupied Payment Agreement (OOPA) allows all homeowners to make affordable monthly payments on property taxes that are past due.

Based on the homeowner's family size and monthly income; payments on delinquent taxes can range from zero to ten percent of their monthly household income and include waivers of interest and penalties between zero to one hundred percent.

To be eligible, residents must live in the home that they own, be an equitable owner, or be an approved Trust. To stay eligible, homeowners are required to pay all property taxes, interest, and penalties as they become due under their Agreement. Some low-income and senior residents are eligible for OOPAs with a \$0-minimum monthly payment. There is no required down payment to sign up for an OOPA.

Taxpayers with incomes at or below 30% of Area Median Income or experiencing financial hardship can include current year taxes in their OOPA payment plan. Beginning in 2018, those taxpayers had the option of automatically including new property taxes into their current Agreement. Per the enabling legislation, all other participants must pay the full amount of new taxes each year when they are due.

OOPA TIERS

The monthly payment amount and level of interest and penalty relief is based on which Tier the homeowner is eligible for. The tiers are as follows:

Tier 5: Taxpayers whose monthly household income is below fifteen percent (15%) of the Area Median Income will pay 0% of household monthly income. Zero percent (0%) of interest. Zero percent (0%) of penalties accrued. Monthly payments will be \$0 a month.

Tier 4: Taxpayers whose monthly household income is at or below thirty percent (30%) of the Area Median Income will pay 5% of household monthly income. Zero percent (0%) of interest. Zero percent (0%) of penalties accrued. Monthly payment will be at least \$25 a month.

*If the Taxpayer falls into Tier 4, they may still be eligible to pay 0% of their monthly income if:

- They are 65 years or older; *or*
- They are 55 years or older, and a widow(er) of someone who passed away after 65; *or*
- They are permanently disabled; *or*
- A review of their household income and expenses shows net monthly income below \$25

Tier 3: Taxpayers whose monthly household income is above thirty percent (30%) but no more than fifty percent (50%) of the Area Median Income will pay 8% of household monthly income. Fifty percent (50%) of interest. Zero percent (0%) of penalties accrued.

Tier 2: Taxpayers whose monthly household income is above fifty percent (50%) but no more than seventy percent (70%) of the Area Median Income will pay 10% of household monthly income. One hundred percent (100%) of interest. Zero percent (0%) of penalties accrued.

Tier 1: Taxpayers whose monthly household income is above seventy percent (70%) of the Area Median Income are eligible for an Agreement at the discretion of the Department.

The table below outlines what Tier a Taxpayer is in based on their household size and income.

2019 Tier Eligibility

Household Size	Monthly income				
	Tier 5	Tier 4	Tier 3	Tier 2	Tier 1
1	\$0 – \$792	\$792 – \$1,579*	\$1,579 – \$2,629	\$2,629 – \$3,683	\$3,683 and up
2	\$0 – \$904	\$904 – \$1,804*	\$1,804 – \$3,004	\$3,004 – \$4,208	\$4,208 and up
3	\$0 – \$1,017	\$1,017 – \$2,029*	\$2,029 – \$3,379	\$3,379 – \$4,733	\$4,733 and up
4	\$0 – \$1,129	\$1,129 – \$2,254*	\$2,254 – \$3,754	\$3,754 – \$5,258	\$5,258 and up
5	\$0 – \$1,221	\$1,221 – \$2,438*	\$2,438 – \$4,058	\$4,058 – \$5,679	\$5,679 and up
6	\$0 – \$1,313	\$1,313 – \$2,617*	\$2,617 – \$4,358	\$4,358 – \$6,100	\$6,100 and up
7	\$0 – \$1,404	\$1,404 – \$2,796*	\$2,796 – \$4,658	\$4,658 – \$6,521	\$6,521 and up
8	\$0 – \$1,492	\$1,492 – \$2,979*	\$2,979 – \$4,958	\$4,958 – \$6,942	\$6,942 and up

You pay	0% of your monthly income	5% of your monthly income – see more information below	8% of your monthly income	10% of your monthly income	10% of your monthly income
Interest you pay	0%	0%*	50%	100%	100%
Penalties you pay	0%	0%*	0%	0%	100%

MONTHLY PAYMENT AMOUNT DETERMINATION

There are two ways that the tier and monthly payment amount can be determined for an applicant:

Option 1- A set amount based on your household income.

Monthly payments are set as a percentage of household income.

Option 2 — An individualized amount based on household income and expenses.

In this option, household income and expenses are evaluated. The Department of Revenue reviews the information provided and reserves the right to disallow expenses that are not reasonable and necessary. Any available money in the budget must be paid towards Real Estate Tax. That amount will then be set as the regular monthly payment for the Owner-Occupied Payment Agreement. The monthly payment minimum is twenty-five dollars for Taxpayers who meet the criteria for a Tier 4 OOPA and zero dollars for Taxpayers who meet the criteria for a Tier 5 OOPA.

CHANGES TO OOPA IN 2019

During the reporting period the Department implemented the following changes, including:

- Automatically enrolling properties with an active Owner-Occupied Payment Agreement into the Homestead Exemption for the current year.

TAXPAYER OUTREACH AND MULTI-LINGUAL SUPPORT

In the past year, the Department has utilized numerous strategies to increase awareness and enrollment in the Owner-Occupied Payment Agreement. These included:

- **Pop-up events** - 8 neighborhood pop-up events held in 4 different Philadelphia neighborhoods in collaboration with City Council members. These events included direct mailings about OOPA to homeowners with delinquent bills within walking distance of each location. Attendees were able to sign up for an OOPA on the spot.

- **Community Education** - Revenue staff participated in over 345 community outreach events through December 2019.
- **Continual Social Media and video content** - The Department regularly creates multi-lingual digital content about assistance programs, including Facebook, Twitter, blog posts and videos. We also share this content with community groups and stakeholders to magnify our message.

Statistical Reporting

Philadelphia Code section 19-1305(7)(b) specifies seven metrics that the Department shall report each year:

(.1) the total number of delinquent accounts broken down by homestead and non-homestead and an aged accounts receivable for such accounts in the aggregate, breaking out amounts due for principal, penalty, and interest;

Real Estate Tax Delinquency¹ as of December 31, 2019

	# Accounts	Principal	Interest	Penalties	Other	Total
Homestead	27,142	\$79,901,097	\$55,437,623	\$6,638,976	\$17,862,630	\$159,840,326
Non-Homestead Residential	42,287	\$85,962,435	\$43,819,378	\$5,019,693	\$30,377,713	\$165,179,219
All Other Properties	6,788	\$41,556,705	\$10,511,719	\$1,802,278	\$5,404,366	\$59,275,068
Total	76,217	\$207,420,237	\$109,768,719	\$13,460,947	\$53,644,709	\$384,294,612

(.2) the number of notices sent pursuant to subsection (2)(b) and how many Taxpayers contacted the Department in response to such notices, broken down by homestead and non-homestead;

Pursuant to Subsection (2)(b) the Department of Revenue first sent 60,350 Warning of Risk of Tax Foreclosure Action notices. A second set of 48,754 notices were then sent to Taxpayers who did not respond to the first. An example of this letter is available in nine languages on the Department of Revenue website at: <https://www.phila.gov/documents/warning-of-risk-of-tax-foreclosure/>

	# Accounts	# Second Notice Letters Sent
Owner-Occupied Properties ²	14,743	12,529
Other Residential Properties	38,925	30,837
All Other Properties	6,682	5,388
Total	60,350	48,754

¹ Amounts listed are for active and inactive periods. Active periods refer to periods after January 1, 2008 that are most likely to be collected and inactive periods refers to all periods, including older debts.

² "Owner-Occupied Properties" are properties that participated in the Senior Citizen Property Tax Freeze, Homestead Exemption, Long-time Owner Occupants Program, or Owner-Occupied Payment Agreement.

(.3) how many Taxpayer contacts resulted in new payment agreements being made and a breakdown of such payment agreements by type, term, and amount of liability covered;

In 2019, the Department of Revenue and its representatives approved 3,258 Standard Agreements and 2,161 first-time Owner-Occupied Payment Agreements.

2019 Standard Agreements by Term	# Accounts	\$ Under Agreement
0–12 months	3,177	\$8,841,804
13–36 months	332	\$2,130,837
37-60 months	25	\$286,055
>60 months	3	\$87,512
Total	3,258	\$11,346,208

New 2019 OOPAs by Term	# Accounts	\$ Under Agreement
0–12 months	1,635	\$10,372,679
13–36 months	1,126	\$3,644,107
37-60 months	1,052	\$4,584,558
>60 months	7,063	\$74,644,874
Total	10,876	\$93,246,218

(.4) how many taxpayer contacts did not result in payment agreements being made and a breakdown of the reasons for the same (e.g., lack of title, failure of taxpayer to follow up, and so on);

The Department of Revenue receives over 238,500 calls and 145,100 in-person visits each year and does not have technology to track and report on the reason for each individual Taxpayer call, e-mail, letter, or office visit. The Department cannot accurately track the number of Taxpayer contacts that did not result in a payment Agreement.

OOPA Agreements are most commonly canceled because of the abandonment of an application or failure to return signed payment Agreements.

(.5) the total number of taxpayers referred by the Department to housing counseling agencies or legal services agencies including a breakdown of the number of referrals to each agency;

Starting in 2018, the OOPA Application includes a question asking if the applicant would like free housing counseling and how they would like to be contacted if they do. Additionally, every OOPA application packet includes a listing of housing counseling and legal service agencies where the Taxpayer can seek professional assistance. The Taxpayer Assistance brochure is also available on our website to all interested parties. In 2019, 207 OOPA applicants (1% of first-time OOPA applicants) requested free housing counseling and were referred.

(.6) the total number of existing payment agreements and a breakdown of such payment agreements by type, term, and amount of liability covered, which liability shall be further broken down into principal, interest, penalties, and other fees or costs;

The table below accounts for the total number of existing Owner-Occupied Payment Agreements with a breakdown of each by type, term, and amount of liability covered including principal, interest, penalties, and other fees or costs. The amount under Agreement may be less than the sum of principal + interest + penalty + other because of waivers of interest and penalty associated with the different tiers. A full explanation of the waivers can be obtained from the Department of Revenue website at:

<https://www.phila.gov/oopa>

2019 OOPA Counts by Tier

Agreement Type Term Range	by	Count	Principal	Interest	Penalties	Other Fees	Total
Tier 1 Agreements							
0–12		25	\$27,408	\$6,510	\$3,535	\$8,043	\$45,497
13–36		35	\$104,414	\$51,907	\$16,958	\$24,886	\$198,165
37-60		5	\$35,327	\$18,332	\$4,188	\$5,924	\$63,772
>60		9	\$146,567	\$160,570	\$13,627	\$24,854	\$345,618
Total Tier 1 Agreements		74	\$313,716	\$237,319	\$38,308	\$63,708	\$653,052
Tier 2 Agreements							
0–12		45	\$46,379	\$10,771	\$6,429	\$15,465	\$79,044
13–36		92	\$294,439	\$117,630	\$36,486	\$64,666	\$513,221
37-60		35	\$180,380	\$152,818	\$25,931	\$40,245	\$399,374
>60		57	\$618,433	\$538,098	\$67,885	\$108,120	\$1,332,535
Total Tier 2 Agreements		229	\$1,139,631	\$819,317	\$136,730	\$228,497	\$2,324,175
Tier 3 Agreements							
0–12		118	\$99,044	\$46,923	\$16,346	\$45,849	\$208,162
13–36		449	\$776,471	\$452,045	\$124,886	\$278,188	\$1,631,590
37-60		242	\$904,370	\$703,193	\$128,978	\$243,636	\$1,980,177
>60		428	\$4,471,023	\$4,227,364	\$446,727	\$825,693	\$9,970,806
Total Tier 3 Agreements		1,237	\$6,250,908	\$5,429,524	\$716,937	\$1,393,366	\$13,790,735
Tier 4 Agreements							
0–12		40	\$7,246	\$14,594	\$2,500	\$9,428	\$33,768
13–36		550	\$340,817	\$365,790	\$76,826	\$239,946	\$1,023,379
37-60		770	\$971,249	\$840,950	\$147,297	\$445,515	\$2,405,012
>60		6,568	\$45,568,636	\$35,458,316	\$3,848,453	\$8,858,830	\$93,734,234
Total Tier 4 Agreements		7,928	\$46,887,948	\$36,679,650	\$4,075,075	\$9,553,719	\$97,196,392
Tier 5 Agreements							
		1,554	\$10,625,593	\$8,072,364	\$4,991,153	\$597,665	\$1,910,070
Total Tier 5 Agreements		1,554	\$10,625,593	\$8,072,364	\$4,991,153	\$597,665	\$1,910,070
Total of all Agreements		11,022	\$62,664,567	\$48,156,963	\$5,564,716	\$13,149,360	\$129,535,605

The terms for Tier 5 Agreements are varied as the required monthly payment is \$0. These Agreements are immeasurable as each new year's real estate taxes are automatically rolled in. Tier 5 Agreements are finalized when the Household no longer meets income eligibility requirements, or the property is sold.

(.7) the total number of payment agreements on which taxpayers defaulted during the applicable period and the reason(s) for the default.

Taxpayers default on their OOPA's for failure to pay. There are no Tier 5 defaults as the monthly payment amount is \$0. Default statistics for 2019 are as follows:

- Tier 1 – 28
- Tier 2 – 76
- Tier3 – 400
- Tier 4 -1,295
- Total Defaults – 1,799